

EXHIBIT “A”

IN THE UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF OHIO
WESTERN DIVISION

Q&R ASSOCIATES, INC.,

Plaintiff,

vs.

UNIFI TECHNICAL FABRICS, LLC,
ET AL.,

Defendants.

CONFIDENTIAL
CASE NO. C-1-01-641
VOLUME I

DEPONENT: MICHAEL QUINN

NOVEMBER 10, 2003

9:37 A.M.

REPORTED BY:
Heidi L. Constable, RPR, RMR

1 A. John and I worked together at Clopay.
2 John started, I believe, in 1979 in customer service,
3 transitioned into field sales, and he and I worked as
4 a team on specific customers.

5 Q. And when was Q&R formed?

6 A. January 1, 1992.

7 Q. Okay. Was it a -- was it formed as a
8 corporation or as a partnership?

9 A. Corporation.

10 (Defendants' Exhibit 1 was marked for
11 identification.)

12 Q. Let me hand you a document for
13 identification as Defendants' Exhibit 1 and ask you
14 to identify it if you can.

15 A. This one? This is a letter from me to
16 Moshe Goldwasser just introducing him to Q&R
17 Associates.

18 Q. And it's dated February 23, 1995,
19 correct?

20 A. Yes.

21 Q. And you signed it?

22 A. Yes.

23 Q. In this letter you say we have been --
24 this is the, oh, maybe the fourth paragraph down

1 where it says Q&R Associates was established in
2 January of 1992. It says, "We have been selling raw
3 materials to the disposable hygienics market for a
4 combined 35 years."

5 What is meant by the phrase "raw
6 materials to the disposable hygienics market"?

7 A. The components that are used, again,
8 in infant diaper, adult diaper, feminine hygiene
9 products, the individual components, each one being
10 considered a raw material that makes a finished
11 product.

12 Q. At the time you wrote this letter who
13 were Q&R's customers?

14 A. 1995, again, I mean are you asking for
15 specific names of customers --

16 Q. Yes.

17 A. -- or marketplace?

18 Q. I'm asking for specific names.

19 A. It would have been -- and my memory
20 won't allow me to name all of them, but it would have
21 been customers like Hospital Specialty; Arquest,
22 Incorporated; Whitestone Products; Principle Business
23 Enterprise; NCN Hygienics; Associated Hygienics;
24 Humanicare; Braco; Bentley Manufacturing. We weren't

1 Q. I'm handing you a document that has
2 been marked for identification as Exhibit 9 and ask
3 if you can identify that.

4 A. Again, this is a letter from John to
5 John and myself just thanking him -- thanking us for
6 helping him get started.

7 Q. Okay. What did you do to help him get
8 started?

9 A. We have -- we have relationships with
10 customers that he does not have relationships with
11 that would allow Avgol spunbond accelerate the sales
12 versus someone from Cleaver Associates.

13 Q. Okay. Did Cleaver have a written
14 agreement with Avgol?

15 A. Yes.

16 Q. Have you ever seen it?

17 A. I have not.

18 Q. Okay. Did Mr. Cleaver tell you what
19 the terms of that agreement were?

20 A. I don't remember.

21 Q. Did he tell you what commission Avgol
22 was paying Cleaver?

23 A. Yes.

24 Q. And what did he tell you?

1 A. Four and a half percent.

2 Q. Okay. Was Cleaver Avgol's sole US
3 agent?

4 A. In the disposable hygiene market.

5 Q. And what other markets were there in
6 the US?

7 A. Could be furniture and bedding,
8 durable goods, that's primarily it, agriculture.

9 Q. What are they used for agriculture?

10 A. Used for tenting. Literally they call
11 it greenhouse where you literally form a tent. It
12 could be laid on the ground.

13 Q. Okay.

14 (Defendants' Exhibit 10 was marked for
15 identification.)

16 Q. Okay. I'm handing you a document
17 marked for identification as 10 and ask you to
18 identify it if you can.

19 A. This is an internal memo from John
20 Cleaver to Moshe Goldwasser copying Frank Perkins
21 regarding a situation that involved 3M.

22 Q. Have you seen this before?

23 A. Yes.

24 Q. Did you see it about the time it was

1 Q. Okay. Was this proposal accepted?

2 A. No.

3 Q. There is a list of 18 customers. Are
4 these customers you were asking to have assigned to
5 Q&R to sell Avgol spunmelt products to?

6 A. Yes.

7 Q. What was -- you say it wasn't
8 accepted. What wasn't accepted?

9 A. John -- John decided this was in the
10 early stages of the start-up of Cleaver Associates.
11 At this point in time it was John Cleaver, no one
12 else. He then began bringing people on-board that
13 could do certain administrative things within his
14 organization and that he would -- he would continue
15 selling customers that he had good relationships
16 with, do his own customer service work. He gave us
17 the customers that we had good relationships with,
18 therefore, we became a sub rep for Cleaver
19 Associates.

20 Q. When you say customers that you had
21 good relationships with, these were customers for
22 products other than spunmelts; is that correct?

23 A. Could be. But in all likelihood they
24 all -- when I put the list together it was customers

1 the Avgol product --

2 A. Yes.

3 Q. -- is that correct? which plants of
4 drypers was Q&R's servicing?

5 A. Marion, Ohio.

6 Q. And is that -- was that Drypers' only
7 plant in the United States or did it have others?

8 A. No, they have another.

9 Q. And where is that plant?

10 A. Vancouver, Washington.

11 Q. And is there a reason you weren't
12 selling to the Vancouver plant?

13 A. They wanted two sources of supply.

14 (Defendants' Exhibit 45 was marked for
15 identification.)

16 Q. I'm handing you a document marked for
17 identification as 45 and ask you to identify this if
18 you can.

19 A. This is a memo from John Cleaver to
20 Moshe outlining a call he had -- a telephone call he
21 had from Ned Obermeyer.

22 Q. Have you ever seen this before?

23 A. Yes.

24 Q. Did you see it about the time it was

1 in representing them.

2 Q. And what did you say?

3 A. No, thank you very much.

4 Q. why did you say no?

5 A. I was very satisfied with the
6 relationship that Q&R had with Avgol/Cleaver.

7 Q. when was the next time you spoke or
8 communicated in any way with anybody from UTF?

9 A. Mr. Mebane called again, I believe it
10 was in early February of 2001, inviting John and I to
11 Mocksville just to take a look-see. No commitment,
12 just come down, take a look, tell us what you think.

13 Q. And you and Mr. Ranz decided to go
14 take a look?

15 A. Yes.

16 Q. what had happened between the first
17 call from Mr. Mebane to you and the second call that
18 led you to go take a look with the second call?

19 A. we're always interested or I'm always
20 interested in exploring new possibilities that would
21 allow me to grow our business. Not any different
22 than I hope most American companies, we're always
23 looking to grow. Some of the things that Mr. Mebane
24 was offering led me to believe that we could grow and

1 make more money.

2 Q. well, the same -- what he said in
3 February really wasn't any different from what he
4 said in June of 2000, was it?

5 A. No, but he enticed me with the fact
6 that he had state-of-the-art equipment, throughout
7 the term exclusivity, that type of thing.

8 Q. Had anything happened in your
9 relationship with Cleaver or after during that period
10 of time that made you more inclined to go talk with
11 Mr. Mebane?

12 A. Cleaver -- John Cleaver had, and I
13 don't remember the time frame, had mentioned -- had
14 talked to me about the possibility of taking AHP away
15 from us, while at the same time he said we would pay
16 you for two or three years if that happens. He in
17 the same conversation said we may also want you to
18 call on Procter & Gamble for us. Based on that
19 conversation I thought it was worth investigating
20 Unifi.

21 Q. well, if you were being offered the
22 Procter & Gamble account, wouldn't that have been a
23 very profitable account had you obtained it for
24 Cleaver and Avgol?

1 Q. I'm handing you a document marked for
2 identification as 75 and ask you to identify that if
3 you can.

4 A. This is the customer matrix that Mr.
5 Mebane requested that we provided him blind, not
6 mentioning any customer names specifically.

7 Q. Okay. And what's meant -- now we have
8 in front of us what's meant by customer matrix?

9 A. These are five customers that we
10 thought we could bring in-house in a certain time
11 frame.

12 Q. Okay. And if you would, go through
13 these and tell us who each customer is.

14 A. Without seeing my notes --

15 Q. Were your notes contemporaneous --
16 were they notes you made at the time or are they
17 notes that you made to talk to your lawyer?

18 MR. PACKARD: These were later notes
19 that we redacted.

20 MR. MCGAVRAN: Okay.

21 A. Let me look here. You want to the
22 know the customers' names?

23 BY MR. MCGAVRAN:

24 Q. Yes.

Exhibit 7

Exhibit 8

Exhibit 1

Exhibit 9

Exhibit 2

Exhibit 10

Exhibit 3

Exhibit 11

Exhibit 4

Exhibit 12

Exhibit 5

Exhibit 13

Exhibit 6

Exhibit 14

1 A. The first one is Arquest. Let's see,
2 the second one is -- let's see what -- number five is
3 drypers. Number four is Hospital Specialty. Number
4 two is Whitestone. Number three is Principle
5 Business Enterprise.

6 Q. Okay. Now, I had shown you 74
7 mistakenly thinking this was the matrix. Is 74 a
8 document that Mr. Mebane sent to you?

9 A. Yes.

10 Q. Do you know whether or not part of
11 this document is based on your matrix, Exhibit 75?

12 A. A part of the document is based on our
13 matrix.

14 Q. Could you tell us what parts of 75 are
15 based on your matrix?

16 A. What part of 75?

17 MR. WENDLING: 74.

18 BY MR. MCGAVRAN:

19 Q. I'm sorry. 74 based on your matrix.
20 My mistake.

21 A. I can't do that.

22 Q. Okay. You said that you -- that parts
23 of 74 were based on 75. How do you know that?

24 A. Because these are customers that we

8 A. Yes.

9 Q. He wasn't telling you you were going
10 to get those commissions regardless of whether you
11 sold the volume you projected, did he?

12 A. Say that again.

13 Q. Well, he wasn't telling you that
14 regardless of how much of this stuff you sell you're
15 going to earn these commissions, did he?

16 A. He said this -- I am forecasting this
17 is the amount of commission you will make from Unifi
18 Technical Fabrics.

19 Q. If you sell this dollar volume of
20 product?

21 A. Yes.

22 Q. Yeah. So the commissions are all
23 based on percentage --

24 A. On sales.

Q. -- of sales? After the February 13-14
meeting, when was the next time you or Mr. Ranz spoke
with Mr. Mebane?

A. I believe it was in early March when
we decided to set up another meeting at the IDEA
conference.

Q. And who called whom? Did you call Mr.